

News Release



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Labor Department Obtains Judgment Preventing Former Trustee from Avoiding Debt to Plan

NEW YORK-- The U.S. Department of Labor has obtained a consent judgment preventing the former trustee of the Empire State Messenger Service's profit sharing plan in New York City from avoiding his debt to the plan during his personal bankruptcy proceeding.

"This action underscores Labor Department and Labor Secretary Elaine L. Chao's commitment to secure the benefits employers promise to their employees," said Francis Clisham, director of the New York Regional Office of the Employee Benefits Security Administration (EBSA), whose office investigated the case.

In 1993, the Labor Department obtained a judgment requiring Howard Blum to pay approximately \$300,000 to the Empire State Messenger Service profit sharing plan. The plan was still owed \$35,000 prior to Blum's bankruptcy.

The judgment resolved a lawsuit alleging he violated the Employee Retirement Income Security Act (ERISA) by improperly lending most of the plan's assets to a real estate venture, failing to secure the loan, and failing to collect on the loan when it was in default. After Blum declared bankruptcy in July 2003, the department filed an adversary complaint to ensure that he would pay any debts owed to the plan and ordered by the court in the 1993 judgment.

The latest judgment, entered in the U.S. Bankruptcy Court in Las Vegas, Nev., where Blum relocated, protects the 1993 court order. Empire State Messenger Service has been defunct since 1993.

Employers and workers can reach the New York regional office at (212) 607-8600 or through EBSA's toll-free number, **1-866-444-EBSA (3272)**, for help with problems relating to private-sector retirement and health plans.

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(Chao v. Howard Blum)
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